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MONTHLY REVIEW

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CUBA REVISITED

THE EDITORS

THE BATTLE FOR THE LABOR PARTY

RALPH MILIBAND

The Song of the Makers

WILSON MacDONALD

VOL. 12

8

EDITORS . . . LEO HUBERMAN . . . PAUL M. SWEEZY

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NOTES FROM THE EDITORS

Last month's issue containing the third and final installment of a long editorial essay on U.S. foreign policy, Shirley Graham's piece on the "African personality," and Paul Johnson's powerful description of the state of South America, has brought us an extraordinary flow of approving mail. Thanks to all who wrote. Just because we can't answer every letter personally doesn't mean that we don't appreciate your taking the trouble to let us know what you think—and that goes whether your comments are laudatory or critical.

As we announced in the November issue, the three Review of the Month editorials devoted to foreign policy have been brought together in a pamphlet entitled "The Theory of U.S. Foreign Policy." It sells for 35¢, three for $1, twenty for $5. Some MR readers have told us that they think our conclusion is too gloomy but nevertheless they found the series valuable as a stimulant to thought on the whole subject of America's relations with the rest of the world. We hope that they are right about our being too gloomy, and we can imagine nothing that would do more to make them right than a lot more serious thought on the part of Americans about the problems of foreign policy, leading to concerted action. If you agree, won't you take it upon yourself to sell and/or give away or both as many of these pamphlets as you possibly can? And while you're about it, why not attach a brochure telling about MR so that readers of the pamphlet will know how to get on our sub list and continue to receive serious material bearing on the problems of foreign policy? When you order pamphlets, ask for free brochures too.

The foreign policy pamphlet isn't the only one that can help to achieve useful results. One reader has ordered 500 copies of the "Waste in American Medicine" pamphlet to send to a list of doctors. Who needs it more? How about figuring out a program of your own and sending us a batch of

(continued on inside back cover)

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> *What lies ahead depends greatly on the United States. With the exception of our agrarian reform, which the people of Cuba desired and initiated themselves, all of our radical measures have been a direct response to direct aggressions by powerful monopolists, of which your country is the chief exponent. U.S. pressure on Cuba has made necessary the "radicalization" of the Revolution. To know how much further Cuba will go, it will be easier to ask the U.S. government how far it plans to go.*
>
> —Ché Guevara, in an interview with Laura Bergquist, *Look,* November 8, 1960

Our book, *Cuba: Anatomy of a Revolution,* was written after a three-week visit to Cuba in March, 1960. In the next few months, events moved with astonishing rapidity—both inside Cuba and in Cuba's relations with the outside world. How did these developments affect the Cuban Revolution? What changes have taken place in the Cuban economy and Cuban society? Are things going well or badly for the Cuban people? What is the outlook for the future?

We asked ourselves these questions as we read the daily headlines about Cuba, but we didn't find the answers in the stories that followed. Herbert Matthews told the American Society of Newspaper Editors last April that in his 30 years on the *New York Times* he had "never seen a big story so misunderstood, so badly handled, and so misinterpreted as the Cuban Revolution." Unfortunately, his fellow editors, including those on his own paper, paid no attention: reporting from Cuba, far from improving, had further deteriorated in recent months. So we decided to return to Cuba to seek the answers for ourselves. What follows is based on a second three-week visit to Cuba, in September and October of 1960.

Fidel Castro

First, let us attempt to answer some of the questions that

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are most frequently asked about the leader of the Cuban Revolution, Fidel Castro. What manner of man is he? What are his main drives? Above all, is he in his right mind, or is he, as American pundits and Cuban defectors continually tell us, some sort of madman?

We were lucky on this most recent visit to Cuba: we spent two long evenings with Fidel, in relaxed surroundings and with only a few others present; and we accompanied him on a day-long inspection trip, with Fidel himself doing most of the driving, to agricultural establishments in Pinar del Rio, Cuba's westernmost province. We listened, asked questions, discussed all sorts of subjects, and watched him in his relations with people. There are lots of things we still don't know about him, of course. But there are a few things we think we do know.

First and foremost, Fidel is a passionate humanitarian, not in the fraudulent sense that he loves all humanity but in the meaningful sense that he feels deep compassion for human suffering, hates injustice because it causes unnecessary suffering, and is totally committed to building in Cuba a society in which the poor and the underprivileged shall be able to hold up their heads and enjoy a fair share of the good things of life. He treats people within this framework—kindly, sternly, implacably, according to their actual or potential role in creating or hindering the creation of the good society.

Two incidents will illustrate the quality of Fidel's humanitarianism. On the way out of Havana he made a long detour through the wealthiest residential streets of the Miramar district. As he drove around, he kept saying, as much to himself as to the rest of us, "Look at how they live"; and in that brief phrase there was expressed not so much a feeling toward "them" as a sense of outrage at a system that could enable a few to live like kings while the great majority stagnated in ignorance, squalor, and often outright hunger.

The other incident occurred on the second evening. He arrived in a subdued mood, and, on being asked the reason, said quite simply, "I am sad." After a moment's silence he told us why. A few hours earlier, a group of fourteen young prisoners had broken out of jail in Havana. They were rebel soldiers who had fought in the Sierra but later had become followers of

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Hubert Matos. Fidel felt sure that at heart they were good boys who had gone along with Matos only because he was their commanding officer: he did not believe that they were counter-revolutionaries like Matos himself. Fidel had therefore had them transferred from the Isle of Pines to Havana where they could see their families three times a week. One had been granted permission to leave prison to get married and had been provided a free room at the swank Havana Riviera hotel for the occasion. Fidel himself had frequently gone to see them, to talk to them, to get them to see the error of their ways. "And now today," he concluded, "they break out of prison. They will be caught. And then? I am sad." This attempted rehabilitation by the very busy leader of the Revolution, this deep personal concern for his former comrades-in-arms bespeaks not the power-hungry demagogue that Fidel is often pictured as, but a true humanitarian.*

Second, Fidel is a consummate politician. He has, probably to a greater degree than any other political figure alive today, the quality which sociologists, borrowing from the language of theology, call "charisma"—the inborn gift of being able to inspire in people a mixture of passionate love and blind faith. Accompanying him as he goes among his people, one not only sees it; all of one's senses are overwhelmed by it. To watch the faces light up as their owners suddenly recognized the driver of our car; to hear the delighted cries of "Fidel, Fidel"; to experience the rush of people, young and old alike, whenever the car stopped, even if only for a red light, people drawn like iron filings to a magnet, wanting to shake his hand, touch his sleeve, wish him well; to smell the sweaty bodies of hundreds of construction workers who swarmed around the car when it was halted by an obstruction in the road, pouring out to him their problems and urging that he take action to clear away obstacles to the more rapid completion of their project—these were indeed unforgettable experiences.

* The story may have an equally sad sequel. The boys were not caught; they escaped in a boat to Florida. It is possible that at least some of them will return to Cuba with one of the counter-revolutionary invasion forces that are being organized and dispatched from the mainland, and even more probable that they will then be caught. If and when that happens, they can expect no mercy, least of all from Fidel Castro.

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But it is not only as the charismatic leader that Fidel can be said to be a consummate politician. He instinctively sees every problem as a political problem, that is to say, in its relation to the holding and fortifying of political power. He knows that the strength of a revolutionary regime threatened by powerful enemies lies in the unwavering support of the plain working people, their conviction that the Revolution is theirs because it serves their interest, their willingness to die for it because to go on living without it would be a betrayal of all they believe in. And he makes his decisions, big and little, only after taking full account of the probable effect on that support, that conviction, that willingness. From the outset, he has insisted that the masses must associate the revolution with immediate and tangible benefits; he has been bold, as in the role of cooperatives in the agrarian reform, where he felt sure the people would go along with him; and he has been cautious, as in the matter of the speed of industrialization, where he has not felt sure of the political repercussions. This is emphatically not to say that Fidel, like a bourgeois political opportunist, does only what he thinks the people want at any given moment. Far from it. His criterion is rather what the people can be taught to want, within the operationally relevant time period, by their own experience and the educational efforts of their leaders (hence those TV appearances in which Fidel talks directly to the people, always with a view to educating them to the tasks and responsibilities that lie ahead). Politics, it has been said, is the art of the possible. If so, Fidel's greatness as a politician consists not only in being a master of the art but also in knowing how ample and generous a meaning can be given to the "possible."

But is he in his right mind? Latin American statesmen are supposed to know their place in the world, and past experience seems to show that any who get uppish are soon taught a lesson. Isn't Fidel's defiance of the United States, both in word and in deed, a sure sign of mental derangement? Isn't his deviation from the norm of Latin American statesmanship too persistent and too blatant to be put down to anything but some form of insanity?

Our answer, we fear, will bring cold comfort to the powers that be in Washington. In their book, Fidel's disease is much

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worse than mere insanity. He defies the United States because he understands American imperialism. He deviates from the norm of Latin American statesmanship because he knows that those who adhere to it are selling out the interests of their own people. To put it bluntly and colloquially, Fidel acts the way he does because he knows the score. The disease from which he suffers, if you want to give it a name, is Marxism. Not that he calls himself a Marxist, or would claim more than a well-educated man's knowledge of the works of Marx and his followers: in these matters he is a remarkably modest man. But through his own rich experience, and by using his own sharp and fertile mind, he has arrived at an interpretation of the world of the second half of the 20th century which, in its essentials, is unmistakably Marxist. And he is acting on it in a way that would have made Marx himself proud to acknowledge him as a disciple.*

The Economic War

Early in June, 1960, the three big oil companies which had long dominated the Cuban oil market (Jersey Standard, Texaco, and Shell) flatly refused to refine the Soviet oil which was about to be imported by the government in accordance with the terms of the Soviet-Cuban trade agreement of the preceding February. It was a direct challenge to the authority of the government: failure to meet it head on would have meant the end of the Cuban Revolution then and there. Recognizing this fact, the regime acted promptly and decisively. When the Soviet oil began to arrive, the refineries were intervened and the oil put through. The companies immediately retaliated by cutting off further imports of oil from Venezuela. To this move Cuba replied by arranging to purchase substantially all of her petroleum requirements from the Soviet Union. A round of sharp blows and counter blows thus ended with Cuba the clear winner.

Meanwhile, the United States Congress had for many

* The following story, probably apocryphal, illustrates the point: Khrushchev is supposed to have been asked by Soviet newsmen after returning from his last visit with Fidel at the UN whether Fidel was a Communist. "I don't know whether he's a Communist," Mr. K. replied, "but I do know that I'm a Fidelista."

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months been considering what to do about the existing sugar control scheme, scheduled to expire at the end of the current year. As late as the end of May it seemed—to us as well as to others better informed about what goes on behind the scenes in Washington—that no strong action would be taken with regard to the Cuban quota. A substantial cut would injure important vested interests in the United States and would be sure to arouse widespread opposition in Latin America. This estimate of the situation turned out to be quite wrong. The oil companies' dispute with Cuba galvanized Washington into action, and in almost no time the rest of Cuba's quota for 1960, some 700,000 tons, was abruptly cut off.

It is not clear whether this was a sheer spite action or whether those who conceived it really believed that they were dealing a mortal blow to the Cuban economy. If they thought so, they were soon to be undeceived. The quota was cut in the first week of July. Before the end of the month the Soviet Union had agreed to buy the 700,000 tons excluded from the American market during the remainder of 1960, and China had concluded a trade agreement with Cuba calling for purchase of 500,000 tons per annum for the next five years.* Moreover, the two countries, together with the other members of the socialist bloc, have given satisfactory assurances about the market for Cuban sugar in the years to come.

Thus, thanks to the prompt and generous assistance of the socialist countries, the great sugar-quota blow, which many had believed would be fatal to the Cuban economy, was successfully parried. The counter blow, promised by Fidel the very day that the quota was cut, was not long in coming. On August 6, a large part of United States investments in Cuba were nationalized, notably, the electric power company, the telephone company,

* It is true that the Russians and the Chinese pay a lower price for Cuban sugar than the United States has been paying. But Cuban government economists told us that the Soviet Union and China also charge less than the United States for what they sell to Cuba. For example, Cuban sugar sold to the USSR buys about as much oil from the USSR as the same amount of sugar sold to the United States used to buy from the American and British oil companies. No exact calculation of the real purchasing power of Cuban sugar before and after the shiftover is available, but it is certain that Cuba's losses will be much less than a mere comparison of the United States and world sugar prices would suggest.

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the sugar mills, and the oil refineries. By the terms of the nationalization decree the United States itself could decide for or against compensation: part of the proceeds of all sugar above 3 million tons sold in the United States in future years would be devoted to paying off United States investors. So far, needless to say, the United States gives every sign of voting permanently against compensation.

Further counter blows followed: early in September the Cuban subsidiaries of the big United States rubber companies were nationalized as was the American-owned Minimax chain of grocery stores; a week later it was the turn of the branches of American banks. Before the end of the month, the first nationalization of a major Cuban industry occurred when the cigar and cigarette companies were taken over. This was followed on October 14th by the nationalization of some 400 companies, 20 of them United States owned and the rest comprising just about everything that could plausibly be called Cuban "big business."

On October 19th, the United States aimed another, and by this time long-anticipated, blow at the Cuban economy by applying an embargo on all exports to Cuba except medicines and certain foodstuffs. The Cubans had enough ammunition left for one more big counter blow: on the 25th of October, 166 American-owned companies were nationalized. This act, said the *New York Times* the next day, "virtually eliminated major investments of United States citizens in Cuba."

This is doubtless not the end of economic warfare between the two countries. The United States can shut off imports from Cuba, and in the case of tobacco it would hurt.* On the other

* Theoretically, the United States could also seize Cuban assets in the United States, certainly amounting to many hundreds of millions, if not billions, of dollars. The trouble is that almost all of these assets belong to counter-revolutionaries. The Cuban government would like nothing better than to have them seized: they provide the financial lifeblood of the counter-revolution. The United States, of course, is not likely to oblige. It is noteworthy, however, that in all public discussions of policy toward Cuba this subject is either avoided altogether or treated as of minor importance. Could that be because it might be hard to convince some Americans who have lost their Cuban holdings that they should forego a readily available source of compensation so that wealthy Cuban exiles can continue to live well and support the counter-revolution?

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side there are still a few American properties that can be mopped up. But in the nature of the case the big economic battles have already been fought; from now on the struggle will for the most part have to take other forms. It is a good time to assess the impact on Cuba of what may be called the "five months' economic war."

The Impact of the Economic War

The effects of the economic war on Cuba can be conveniently discussed under the following headings: (1) the transformation of Cuba's trade relations; (2) the radicalization of the regime; and (3) the growth of counter-revolution. Let us consider them in turn.

(1) *Transformation of Cuba's Trade Relations.* Traditionally, of course, the United States has been far and away Cuba's leading trading partner, taking close to two thirds of Cuba's exports and providing three quarters of her imports. The socialist countries, on the other hand, have played a very minor role in the pattern of Cuba's trade. Now, within the space of a few months, this relation has been reversed: for the visible future it will be the socialist countries that take most of Cuba's exports and provide her with most of her imports, and it will be the United States that plays a minor role. It is important to know in what ways this shiftover creates problems and in what ways it does not.

The difficulties are definitely not of a financial nature. Cuba is in a position to buy abroad, not everything she could use but certainly enough to keep the economy going at a satisfactory level. Moreover, with regard to credits for new capital investment the Cubans already have been granted more by the socialist countries than the present state of their economic organization and planning permits them to make use of. Since Cuba enjoys an expanding market for her products in such areas as Western Europe, Canada, and Japan, and since the socialist countries evidently mean to go on supporting the Cuban economy, there is no reason to anticipate the emergence of financial (or balance of payments) difficulties. This, needless to say, is an enviable position for a country embarking on an ambitious development program to be in.

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It does not, however, obviate serious economic and technical problems. Many adjustments and new procedures are necessitated by the substitution of socialist bloc for United States sources of supply. For example, in the past many kinds of goods have been shipped to Cuba in freight cars via the railroad ferry from New Orleans to Havana. A more or less continuous flow could be maintained in this way and the need for warehouse space kept at a minimum. When the same goods come to Cuba from an Eastern European port, they arrive in big discontinuous shipments and an entirely new system of reception and storage becomes necessary. There are many more problems of this kind and their solution will be more difficult and costly than the inexperienced layman would ever suspect.

Furthermore, most of Cuba's modern technical equipment —machinery, automobiles, rolling stock, tractors, etc.—came from the United States. To keep this equipment in operation there is needed a more or less steady flow of replacement parts. The United States export embargo means that these parts can no longer be acquired in the usual way. To develop alternative methods of meeting the need for replacement parts for American equipment is probably Cuba's No. 1 economic problem now and for some time to come.

There are various possibilities. Some parts can be bought from third countries that also use American equipment, some of which may be produced by American subsidiaries abroad. Washington will doubtless try to halt such traffic, but past experience, especially in wartime, suggests that the attempt is unlikely to be wholly successful. In some cases substitute spare parts can be produced by the Cubans themselves in their own machine shops. Fortunately, this seems to be true of most sugar mill machinery. Some crucially important but hard-to-make items—like control gear and catalysts for oil refining—will probably be supplied by the USSR (Czechoslovakia, East Germany) even if doing so is relatively very expensive. And in some cases—perhaps automobiles, jeeps, tractors, and equipment with similar economic and technical characteristics—it might pay the Cubans not to try to import replacement parts beyond a certain minimum level but rather to "cannibalize" the existing stock and to import wholly new units from non-United States sources

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from which it will also be possible to obtain spare parts in the future. Finally, it should be remembered that the Cubans expected the embargo for some time before it was applied and made strenuous and largely successful efforts to build up stockpiles of many needed replacement parts. This is particularly important in that it gives them time to work out alternative methods of meeting their requirements.

But even if, as seems likely, all these possibilities are exploited to the full, serious shortages and difficulties are almost sure to arise in the period ahead. The effect will be to slow down the pace of economic development, to divert brains and resources from positive, constructive tasks. Tight government controls will be needed, in some areas of the economy probably strict rationing; Cubans may have to learn to get along without some things to which they are accustomed, at least for a while.

None of these problems, however, is insuperable, and they are all essentially temporary. In the long run, moreover, their solution will bring enormous advantages to Cuba. After a more or less difficult and trying transition period, the Cuban economy will be fully insulated from further shocks emanating from the United States, and it will be closely integrated with the economies of the socialist countries. Since the latter are planned and not subject to the periodic disturbances of the capitalist business cycle, this realignment will enable Cuba, too, to plan her economic development without fear of the kind of man-made catastrophes which in the past have inflicted so much damage on the peoples of the underdeveloped countries. Looked at in historical perspective, the economic war between the United States and Cuba will be seen to have finally conferred on Cuba the most precious of all national liberties—the freedom to plan her own development in the interests of her own people.

(2) *Radicalization of the Regime.* The economic war has also had tremendous repercussions in the political field. On the one hand it has radicalized the regime and solidified its support among the working people; on the other hand it has increased and strengthened the forces of counter-revolution.

The process of radicalization has been complex and pervasive. When we arrived in Havana last March, it was generally taken for granted among supporters of the regime that the pri-

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vate sector of the economy would remain quantitatively predominant for a long time to come, and one of the liveliest subjects of debate was whether and to what extent planning could be effective under such conditions. One never heard Cuba referred to as a socialist country, nor was socialism even included among the ultimate goals of the Revolution. Except among Communists, coolness toward the Soviet Union and the other socialist countries was widespread, and dogmatic anti-Communist attitudes such as are almost universal in the United States were frequently encountered even among loyal revolutionaries. Diplomatic relations had not yet been established with the socialist bloc, and technical or trade missions from the socialist countries were still a rarity. Many people of liberal, or even conservative, views held high positions in the government.

When we returned in September things were very different. The nationalization process was already far advanced, and everyone took it for granted that it would soon encompass all large and most medium-sized concerns. There was no longer any doubt about the necessity and feasibility of comprehensive planning: the only question was how soon it could start to operate effectively. We revisited the School City in Oriente Province,* and were gratified to have one of the headmasters explain to us that the Cuban Revolution is nationalist, anti-imperialist *and socialist*. Our own view that Cuba should already be considered a socialist society, which was novel when we advanced it in our book, we now found to be commonplace.**

* See *Cuba: Anatomy of a Revolution,* pp. 99-101. We would like to take this opportunity to correct an error. It was our earlier understanding that there would be only one school city. This was wrong. Plans call for an ultimate total of ten school cities, with at least one in each of the country's six provinces.

** Paradoxically, it is the Communists, both in Cuba and elsewhere, who have most stoutly resisted this view. See the report of Blas Roca to the August conference of the Popular Socialist [Communist] Party, an English abridgment of which appeared in *Political Affairs,* October 1960; also the review of our book by James Allen in the same issue of *Political Affairs.* Now that the big majority of the means of production are in public ownership, and the regime is rapidly developing a consciously socialist ideology, the Communist argument against classifying Cuba as socialist appears more and more clearly as mere verbal gymnastics. The reason for the Communists' adopting this position, however, is straightforward enough: they don't want to admit that it is possible for socialism to be built under non-Communist leadership.

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There may still be some anti-Communism among Cuban revolutionaries, but it is certainly much less marked than it was a few months ago, and a feeling of gratitude toward and friendship for the socialist countries, and especially the Soviet Union, is evident and freely expressed. Missions from the socialist countries are now frequently encountered, and several members of such missions told us that they were hospitably received not only by officials but also by the Cuban people with whom they came in contact. Finally, while there are still many moderates in government, they have been increasingly replaced in key positions at all levels by outspoken radicals.

All of these changes testify to the rapid radicalization of the regime during the summer months. But perhaps even more significant is the growing role of the militia, "the people in arms" of classical revolutionary theory. Not that everyone is in the militia, or even everyone who would like to be. It is an honor to be in the militia and only those are admitted who have good records and are considered to be trustworthy supporters of the Revolution. In addition, the duties and tasks of the militia are arduous and call for much self-sacrifice: there are naturally many who are unable or unwilling to assume them. Under the circumstances, the fact that the militia counts perhaps as many as 250,000 members and is still growing is an excellent indication of the depth and strength of the support the regime enjoys among the popular masses.* But not only is the militia large and growing, it is also playing an increasingly important role in the life of the country. In all cases of nationalization, militiamen have played a key part, assuming control of the nationalized installations and guarding them against any attempts at sabotage. In emergencies—for example the tremendous explosion that occurred in an ammunition dump in East Havana in July—it is the militia rather than the police or the army that takes over. But most important of all, the primary military responsibility for defending the regime against both internal and external attacks now rests with the militia. The regular army has actually had both its size and its budget *reduced* in the last few months,

* It may help to lend perspective to the picture if we remind ourselves that a militia of comparable size in the United States would have more than seven million members.

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while the militia has been expanding and receiving new and more effective arms. The reasons for this shift are both military and political. Everyone in Cuba knows that it would be impossible to repulse an all-out attack by United States armed forces. In such an event, the problem would be first to make the attack as costly as possible and then to organize civilian and guerrilla resistance. For these tasks a militia is far better suited than a regular army. When it comes to coping with counter-revolutionary uprisings, whether organized on Cuban soil or coming by sea from abroad, it is necessary to maintain a continuous alert all over the island, and this can only be done by *local* militia units, with the army acting as a mobile reserve if and when needed. We were able to follow newspaper accounts of the recent operations in the Escambray mountains where the number of counter-revolutionary guerrillas, at its maximum, was probably in the hundreds. In every dispatch that came to our notice the loyalist forces were described as militia, and full credit was given to the militia for the final dispersal and mopping up of the counter-revolutionaries. It appears that in this case—the biggest battle against counter-revolutionaries to date—there was never any need for the regular army to take a hand.

In addition to purely military reasons for assigning the major responsibility for protecting the regime to the militia, there are also weighty political reasons. Knowing the history of Latin America and having come to power in a struggle against one of the worst of its military dictatorships, the Cuban revolutionary leadership has a strong instinctive preference for militias over standing armies. And last but most important, the leadership understands the tremendous political importance of entrusting the defense of the Revolution to the armed people. The result is to unite government and people by the closest and strongest bonds that can be imagined. Fidel does not indulge in idle rhetoric when he proudly points to the arming of the people as the best proof of the genuinely democratic character of the regime which he heads.

The rise of the militia and the (relative) eclipse of the regular army during the period of the economic war are facts of profound significance for the interpretation of the Cuban Revolution. In its initial phases—from the first establishment

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of a base of operations in the Sierra Maestra at the end of 1956 to roughly the middle of 1960—the Cuban Revolution had a peasant base. Real power, as we argued earlier,* rested with the rebel army which, owing to its origin in guerrilla warfare, was essentially a peasant army. Appropriately enough, the programmatic aspect of the Revolution during this period centered on the agrarian reform which was enacted into law in May of 1959 and remains even now the most important positive accomplishment of the Revolution. As of May, 1960, nationalization in the field of industry was largely confined to recovery of the ill-gotten gains of the Batistianos, and no plans had been made to extend the area of nationalization except through the necessarily slow process of establishing new industries under state auspices. It is possible to argue that this is about as far as a peasant-based revolution could be expected to go, that in the absence of outside shocks Cuba would have tended to develop into a mixture of agrarian collectivism and state-directed capitalism. If this had happened, it is more than likely that a degenerative process would sooner or later have set in, leading ultimately to the ascendancy of the private sector and the reduction of the state to the role of servant of business interests.

Actually, of course, events took a very different turn: the brutal intervention of the foreign oil monopolies jolted the Revolution onto a new track. Almost overnight, the area of nationalization was extended to include all the larger capitalist units in industry and commerce. Vast new problems and responsibilities confronted the Revolution. Most important from our present point of view, the whole relationship of the nonagricultural working class to the Revolution was transformed. No longer on the outside, as it were, facing their private employers, the workers now found themselves on the inside in possession of "their own" establishments. New functions and responsibilities were thrust upon them, new attitudes and institutional arrangements were needed. From being mere beneficiaries of the Revolution—through such measures as rent and price roll-backs, low-cost housing, health and education reforms, etc.—the workers suddenly became *participants* in it on the same level as the members of the cooperatives in the country-

* *Cuba: Anatomy of a Revolution,* Chapter 8.

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side. The full effects of this change are, of course, still in the future, and in the meantime one must beware of hasty generalizations. Nevertheless, we have the strong impression that the workers have responded positively to the challenge, that they are showing initiative and responsibility in coping with new and difficult situations, that new leaders are emerging and new institutional structures being built. Through shop committees, trade unions, and the workers' militia, the Cuban working class is increasingly pouring its brains and energies into the direct support of the Revolution. No longer can it be said, as it could be only a few months ago, that the Cuban Revolution is essentially a peasant revolution. No longer can it be said that the main support of the regime is the rebel army. The nationalizations of the summer and fall have swept the working class into the revolutionary process; and the militia, uniting all the working people of the island, has become both the backbone and the strong right arm of the revolutionary regime. To borrow an expression which the Chinese have used in a somewhat different context, the Cuban Revolution is now walking on two legs where before it was hobbling on one.

(3) *Growth of Counter-Revolution.* The radicalization of the regime is one side of the coin; the growth of counter-revolution is the other side. And the two, of course, stem from the same basic causes. Those who have lost their properties as a result of the nationalizations or whose business has shrunk or disappeared as a result of the United States export embargo have with few exceptions gone over to the counter-revolution. "They wanted revolution," said Fidel, "but not too much revolution."

In addition, the severing of ties between the United States and Cuba has driven many into opposition and has led to the defection of a number of government officials. Cuba's nearness to and dependence on the United States meant in the past that many Cubans had travelled to the States, not a few had lived and worked there for extended periods, the children of the well-to-do often went to school or college there. Moreover, a large part of Cuba's commercial products and almost all of its radio, TV, and movies came from the United States. It saddens many Cubans, middle class as well as upper class and even some from the lower classes, that these close bonds to the United

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States should be dissolved. Add to this the fact that Cubans have been long subjected to the same kind of anti-Communist propaganda that we in the United States have been subjected to and one can understand why the switch in trade and official affection from the United States to the socialist bloc should come as a shock to substantial segments of the population. The wonder is not that so many have gone over to the opposition—that was to be expected—but that so many have resisted the psychological pressures generated by the economic war and remained loyal to the Revolution.

No one knows exactly how large the opposition is or how much of it can be accurately classified as counter-revolutionary. A number of non-official public opinion polls taken before the economic war showed overwhelming majorities in favor of the regime. For example, Tad Szulc reported in the *New York Times* of August 1: "A recent sample poll of the Institute for International Social Research, a United States private institution, found last spring that 43 percent of the Cubans were ardent supporters of the Revolution, 43 percent were 'moderate' supporters, 10 percent were against it, and the rest had no opinion." Unfortunately, no comparable polls seem to have been taken in the last couple of months, so that one can only guess that the opposition may have roughly doubled and may now amount to some 20 to 25 percent of the total population.

As to how much of the opposition is decisively counter-revolutionary again no one knows. But in estimating the future outlook it seems prudent to assume that practically all of it is. All observers agree that there has been a hardening of attitudes on both sides, and what Mr. Szulc reported last summer is even more true today: "The Revolution is such an overwhelming fact of Cuban life that nothing else seems to matter. Virtually nothing else is discussed. Almost nobody can be neutral or detached about it."

How well organized are the counter-revolutionary forces? Those in exile are badly split, and while the same divisions do not seem to exist inside Cuba—at least not to anything like the same degree—nevertheless there is no convincing evidence of a well-organized underground movement. This is not surprising. It is one thing to organize and maintain an underground against

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an unpopular dictator like Batista and something entirely different to do so against a regime that has the loyal (and to a large extent fanatical) backing of three quarters or more of the population. The chances of discovery in the latter case are so great as to make failure only a matter of time. Under these circumstances, it is simply impossible to maintain a formal movement: oppositionists are forced to bide their time, waiting for more favorable conditions and in the meantime doing what they can to undermine and weaken the regime by means of individual acts such as bombings (which occur almost every night in Havana now), sabotage, and so on. This appears to be the present behavior pattern of the Cuban counter-revolution.

If our estimate of the situation is right, there is a serious counter-revolutionary potential in Cuba today, but no organized movement and certainly no threat to the regime. The big question, then, is under what circumstances the potential might turn into reality. What changes might take place that would allow the hard-core counter-revolutionaries to organize an effective movement and proceed to the offensive against the regime?

The answer to these questions is clearly to be sought in the economic sphere. If the economic development programs of the regime succeed, there is no reason to doubt that its popular support will be maintained and the counter-revolutionaries will continue to be frustrated. If on the other hand there are serious failures in the economic sphere, the opposition will grow and the enthusiasm of the regime's supporters will flag. Under such conditions, the threat of counter-revolution would become very real indeed. The fate of the Cuban Revolution, in other words, is crucially dependent on its economic success or failure. Let us therefore inquire which it is likely to be.

Myth and Reality

Anyone who relies for information on the American press may wonder why it is necessary to ask the question at all. For many months now, correspondents, commentators, and editors have been virtually unanimous in reporting the decline and fall of the Cuban economy. We select a couple of representative items, not from the yellow press but from *Business Week*, one of the country's most responsible and reliable economic periodi-

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cals. The first is from the issue of September 17th:

> Cuba's internal problems are becoming more acute.
>
> A "galloping" inflation has taken hold, unemployment is widespread, and revolutionary leader Fidel Castro is losing support even among the peasants, once his most ardent backers. Fuel and food are in short supply despite imports of Russian crude oil and Communist Chinese rice.

This might seem bad enough, but it sounds positively like prosperity compared to the shattering report in the issue of October 22nd:

> In the cities, black markets are thriving. Hoarding is general. Cuban officials admit that the country needs $250 million annually in import credits for consumer goods. They've asked the Communist bloc for them but so far little has been forthcoming.
>
> The government can't collect taxes. Practically nobody has any real income anymore. Sugar workers now get 80 percent of their wages in script for purchases in government cooperatives.

A country in which "practically nobody has any real income anymore" is certainly in a bad way. In fact, not only is it in a state of complete economic collapse but its people are, by definition, starving to death. Unhappily for *Business Week*—and all the other wishful dreamers of the United States "power elite"—the plight of the Cuban people is not quite as bad as all that. They have their problems: unemployment still is widespread; there is no doubt that inflationary pressures exist; and shortages do occur. But for the rest, detailed examination of *Business Week's* picture of the Cuban economy shows that it is sheer fantasy:

Far from "galloping," inflation has been remarkably successfully contained by means of price controls.*

Peasant support for Fidel has never been stronger. We were able to verify this ourselves on a number of widely scat-

* Let the reader judge for himself. We have before us a copy of the newspaper *El Mundo* for September 29. In it there is an advertisement for an "end of the month" sale at the high-price Minimax supermarkets. Here are a few of the prices: T-bone and sirloin steak—57¢ lb; fresh lobster—35¢ lb; froglegs—55¢ lb; soup meat—29¢ lb; condensed milk—19¢ can; "Pet" evaporated milk—43¢ 2 cans; Libby's purée of tomatoes—15¢ can; Kellogg's corn flakes—25¢ pkg; sugar—27¢ 5 lbs. (The official rate of exchange between the dollar and the peso is one-to-one.)

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tered cooperatives; and Professor Samuel Shapiro of Michigan State, an authority on Latin America who visited Cuba during the summer and made a special point of investigating the condition of the peasants who have received individual title to their land under the agrarian reform, reports that "all the landholders I talked to were pleased with the new order."*

Fuel is not in short supply: there is no rationing and one can buy all one wants. In fact, R. Hart Phillips reported in the *New York Times* of November 6, that Cuba is offering to *sell* "up to 5,000 barrels of gasoline daily" to Canada.

Food shortages are sporadic, not general, and are due either to (a) the fact that consumers are buying much more than they used to, or (b) special circumstances, as in the case of beans which have recently been scarce because a large part of last year's crop was used for seed (we were told by people who know the situation that after the next harvest there will probably be a glut of beans).

Black markets are certainly not "thriving": enforcement of price controls is strict and impartial, and there are not many who care to take the risk of black-marketing.

There is no evidence of hoarding.

It is absurd to say that officials admit that Cuba needs $250 million annually in credits to import consumer goods: Cuba can and does pay for the consumer goods it imports; it wants credit for capital goods; and it has got from the socialist bloc more credits for this purpose than it can yet use.

The government is collecting taxes much more efficiently than any prerevolutionary government ever did.

Practically everyone has enough real income to live on, which never used to be the case in Cuba.

Finally, since at the time the *Business Week* article appeared the sugar harvest had not yet begun, many sugar workers were unemployed and would have been starving, as they used to, if it were not for the credit allowed them at the "people's stores."

It is interesting to speculate on the reasons why *Business Week*—as well as the *New York Times* and the *Wall Street*

* Professor Shapiro's article, "Cuba: A Dissenting Report," appeared in the *New Republic*, September 12. It is an excellent piece of work.

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Journal, not to mention the lesser lights of the American press—puts out such nonsense. No doubt the main reason is to help bamboozle public opinion about what is really going on in Cuba. But there is also another reason which should not be underestimated. A ruling class in decline is simply unable to look objectively at, and hence to recognize the truth about, anything that threatens its power and privileges. It is forced by the logic of its situation to substitute rationalizations for rational analyses, wish fulfillments for realities. It is only necessary to add that the Cuban Revolution certainly does constitute a threat to the power and privileges of the United States ruling class.

But whatever the explanation of the nonsense about Cuba poured out by the American press, one thing is clear: it *is* nonsense and can in no way be relied upon as a guide to what is likely to happen. The Cuban economy is not in decline or crisis. This is not to say that there are no problems, however, or that future failures of a serious nature are impossible. To form our own judgment about these matters, we need to have a closer look at underlying forces and trends at work in the Cuban economy. Let us begin with agriculture.

Progress in Agriculture

The first thing to be stressed, and in many ways the most important, is that production of the "new" crops—that is to say, crops other than sugar, tobacco, and coffee*—has continued to expand as it did during the first year of the Revolution, and gives every indication of going on expanding for the foreseeable future. No statistics are yet available which would permit a comparison of 1960 with 1959 and earlier years, but the basic trends are clear and indisputable. All over the island, good land which under the old system had lain idle has been and is being brought into cultivation. We were fortunate to be taken on a trip from Manzanillo to Belic to see the huge new cooperative that is in the course of being established in the Niquero-Belic area—and also to see the historic spot on the seashore where

* With respect to these traditional mainstays of Cuban agriculture, the problem remains, as before, one of markets rather than of production. Cuba can produce more of these staples than she can sell. By the same token, if markets should by any chance expand, there is no doubt that production could be expanded to supply them.

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the *Granma* landed that fateful day in December, 1956. Our guide was Comandante René Vallejo, the surgeon who served in the American army in Germany during World War II and is now INRA chief for the province of Oriente, one of the most important jobs in Cuba. Again and again as we drove through the countryside, Dr. Vallejo pointed to vast tracts of land, now fairly bursting with crops, that had previously produced nothing but *maribu,* the tough bush-like weed that quickly invades untended land. He also told us of spectacular successes in increasing per-acre yields, especially in rice cultivation where Japanese methods of transplantation are beginning to be introduced.

One could perhaps discount the testimony of Dr. Vallejo and other government officials and economists (though it is not so easy to do so when one is looking right at the object of the testimony!)—it is certainly true that they are deeply involved in a personal way and no doubt see things in the best possible light. But one can hardly have similar reservations about the testimony of a distinguished foreign agronomist. René Dumont, Professor of Comparative Agriculture at the Sorbonne's Agronomic Institute and a leading authority on the agriculture of tropical countries, spent several weeks in Cuba in May and again in August. He was naturally given every facility to acquaint himself with the circumstances and achievements of Cuban agriculture, and the advice which he gave the government after his first stay has had a deep influence on agricultural policy (we shall return to this in a moment). Professor Dumont published an article in the Paris weekly, *L'Express,* after he returned from his second visit (September 22). The subtitle of the article reads: "After a month in Cuba, Professor Dumont tells how the Fidelist Revolution is in the process of winning its economic gamble." Here is the key paragraph:

> Already from May to August I observed marked progress. There will naturally be some difficulties, but *underproduction was such, before the Revolution,* that Cuban agriculture cannot but advance, even if errors are still committed. One can now say that the Cuban Revolution is in the process of catching up on the economic plane with the very high level it had already attained on the political plane. (Emphasis in original.)

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So much for the overall agricultural picture. It is one of rapid, and in some respects quite sensational, progress.

Agricultural developments, however, have by no means been limited to quantitative increases in production and yields. There have also been important qualitative changes, which in turn will be reflected in further quantitative changes in the future. These developments are in line with, and to a certain extent stem from, policy recommendations which René Dumont made to the government in May.

Dumont criticized the agricultural policy followed during the first year of the Revolution on the ground that it was excessively concerned with bringing new land into cultivation and too much oriented toward specialization by the individual cooperatives.* To remedy these defects, he recommended more intensive cultivation of land already in use and greater diversification within the individual units, especially the cane cooperatives which were then in the process of formation. Every cooperative should have its own livestock operation and should grow a variety of crops. Natural pasture should be widely replaced by pasture sown to pangola, a grass which Dumont believes can, in Cuban conditions, bring about a veritable forage revolution. This would release much present pastureland for crops and obviate the expensive necessity of opening up new lands. Capital investment should be directed less toward tractors and more toward fertilizers and irrigation. These and related measures would make possible the utilization of by-products which now often go to waste, permit each cooperative to supply a greater part of its own needs, give more and steadier employment to the workers, and above all expand output while lowering unit costs of production.

Given the right policies, in Dumont's view, Cuban agriculture has fantastic potentialities. Cultivated with the same intensity as South China, he says, the island could feed a population of 50 million! Meanwhile, the country has the enormous

* He also expressed the view that INRA had unduly neglected the small peasant proprietors who, since the agrarian reform, constitute a third or more of the agricultural work force (though of course accounting for a considerably smaller proportion of total output). Dumont believes that if adequate technical assistance, advice, and guidance are provided, the individual-peasant sector can vastly increase its production.

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advantage of being able to operate under a kind of law of increasing returns. In this connection we can do no better than quote from a memorandum on economic planning prepared for the Cuban government (after a visit to Cuba in September) by Professor Charles Bettelheim, a colleague of René Dumont at the Sorbonne:

> Cuba is a country with absolutely exceptional agricultural possibilities. Studies made by specialists in agriculture and livestock show that within a relatively few years (generally from 10 to 12) it will be possible to multiply the production of many commodities by a factor of 3, 4, 5 or even more, without any great investment effort. This is an unprecedented situation. All the other countries that have entered the road of planning have had to make great efforts to raise their agricultural output to a much more modest degree—whether because this increase could not be realized without prior important investments (as in the Soviet Union) or whether because it demanded much labor and a tremendous organizational effort (as in China). In Cuba, on the other hand, the system of large rural property and the domination of foreign capital have produced an immense underutilization of the relevant means of production. The latter could therefore be brought into operation immediately or almost immediately by essentially political and technical means.*

Who would have thought that the shameful, inhuman neglect of productive potential that the combination of feudalism and imperialism imposed on Cuba for so many years would be transformed, in a revolutionary Cuba, into a source of strength such as no other country has yet possessed? It would be hard to find a better illustration of the dialectical principle of the interpenetration of opposites.

To complete this discussion of basic agricultural policy, it is useful to quote what Dumont wrote after his second visit to Cuba: "Most of the ideas which I had developed in my report have been adopted, but only after Fidel had rethought and adapted them to the Cuban situation." (*L'Express,* September 22.)

One further agricultural development should be mentioned,

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* *Memorandum sobre la planificación económica en Cuba,* Havana, September 19, 1960.

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the establishment of the first "people's farms" (*granjas del pueblo*) which are organizationally similar to the state farms (*sovkhos*) of the Soviet Union. The land and capital belong to the state which also gets the profits, if any. Housing and other amenities are furnished the workers free, and they get a regular wage on a year-round basis. Up to now, so far as we could discover, all the people's farms that have been set up are primarily breeding establishments: we visited a number of them (chickens, hogs, cattle, ducks, goats) in Pinar del Rio, with Fidel as guide. The reason why this new form of agricultural enterprise has made its first appearance in breeding is an economic one: in this field a very large initial capital investment in stock, buildings, and specialized mechanical equipment (incubators, feeders, etc.) is required, and it would make no sense to turn all this over to a cooperative and allow the members to reap the profits from it in the future. The investment is financed by the people's money, hence the farms are rightfully the people's farms.

The establishments we saw were very impressive, with their brand-new buildings, modern equipment, and mostly imported stock. Already, output is zooming up, and it is clear that in the near future these new "factories in the field" will be pouring out the animals and poultry needed by cooperatives all over the island to make the new agricultural policy a reality. We were fortunately able to check our own impressions when we got back to Havana, for we found that staying in our hotel were two American cattle dealers (one of whom was also a teacher at an agricultural college in Tennessee) and an equipment salesman: they happened to be doing business at one of the people's farms when we visited it. They were, as might be expected, completely non-political, and their interest in Cuba was of a purely professional and business nature. They had high praise for the Cubans with whom they had dealt—contrasting their honesty and efficiency with the corruption and red tape one of them had encountered on a similar mission to Mexico—and fully confirmed our own good opinion of the breeding farms we had visited. The one serious weakness in the program, in their view, was that the INRA Zone chief who was in charge of operations, a young engineer named Rolando Fernandez, was

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carrying an enormous load of work and responsibility without anywhere near enough qualified assistance. They were particularly impressed by the great number of new projects and the feverish pace with which they are being pushed. What skepticism they expressed stemmed from a characteristically American source: would the money hold out until all these projects could be completed and put in running order? Speaking in our capacity as professional economists, we assured them that they could put their minds at rest on this score.

What is likely to be the future of the people's farm as a form of agricultural enterprise? Will it be confined to situations requiring a high initial capital investment, or will it spread to other types of agriculture where the cooperative now holds the field? In our judgment, it will spread. Fidel is a strong believer in the superiority of the people's farm over the cooperative, and what is even more important he thinks that the *guajiro,* given a choice, will prefer it. No one knows as well as Fidel what the *guajiro* wants.

To the extent that the people's farm spreads, it will solve the two basic social questions which the cooperative leaves unsolved: the problem of cooperative members versus hired workers, and the problem of rich versus poor cooperatives.* On the people's farm all workers have the same status, and since the profits all go to the state, i.e. to the people as a whole, there can be no richer or poorer people's farms.

Problems of Industry

So far as agriculture is concerned, then, all the talk about declining production, imminent crisis, and the like is the exact opposite of the truth. Cuban agriculture is progressing with astonishing rapidity and gives every indication of continuing to do so. There is no comfort for the enemies of the Cuban Revolution here. The outlook for industry, however, is much less clear. Here, if anywhere, trouble might develop.

We have already discussed the question of replacement parts. On this account alone, a period of very real difficulties lies ahead. But there are other and perhaps even more serious problems.

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* See *Cuba: Anatomy of a Revolution,* pp. 121-122.

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The nationalization within a brief period of upwards of 700 large and medium-sized enterprises confronts the regime with staggering management problems. In nearly every case, the top management has to be replaced with reliable men, and in many cases the necessity for replacement extends a long way down the management ladder. But the regime's manpower resources are already strained to the limit to staff the Ministries and INRA and the other agencies that are carrying out the work of the Revolution in such fields as agriculture, public works, education, health, and social welfare. There simply is no pool of unemployed managerial talent to draw upon. It follows that the success of the nationalization program depends crucially on the ability of the Cuban working class to throw up from its own ranks the men and women with the necessary qualities of initiative and responsibility. We believe that the working class will rise to the challenge, but there is no sense in underestimating the magnitude of the problem.

Perhaps even more serious, because more difficult to remedy, is Cuba's shortage of technical personnel. Most American specialists, who of course played a very important role in the United States-owned companies, have already left. We heard from several sources that many Cuban engineers are leaving the country for better-paid jobs in the United States or other Latin American countries (whether there is a deliberate campaign to lure them out of Cuba we do not pretend to know). And all this comes on top of an already desperate shortage of qualified technical personnel for the new and mostly technologically advanced industries which Cuba must establish as part of her program of economic development.

There are various ways of meeting the shortage. Each available man has to do the work of several, not as well as it should be done but better than not at all. Foreign technical specialists can be brought to Cuba, and are being brought in increasing numbers—from the socialist bloc, from many Latin American countries, and even a few from the United States. The regime is sure to redouble its efforts to bring in foreign technicians, and much depends on its success. Finally, crash training programs can be instituted, designed to teach minimum necessary skills. (Wartime experience in the United States showed

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that astonishing results can be achieved in this way, provided the necessary teachers are available.) We believe that by a combination of these methods the regime will succeed in overcoming the shortage of technical personnel, but again nothing is to be gained by minimizing the seriousness of the problem.

Even this does not exhaust the list of difficulties facing Cuban industry. There are also grave organizational problems to be solved. No advance preparation had been made—or in the nature of the case could have been made—for handling the nationalized establishments. The industrialization department of INRA was set up to make plans for the new industries, most of which are still in the future: it has suffered from growing pains and inadequate leadership. Finally, the Central Planning Commission (*Junta Central de Planificación,* generally referred to as *Juceplan*), plagued with the usual shortage of qualified personnel, has been preoccupied with its own organizational tasks and in no position to take a constructive hand in the problems of industry. Chaos may be too strong a word to characterize the situation in this field but at any rate it is not too far off the mark.

Once again, however, there is no reason for despair: the regime is acutely aware of its shortcomings in this, as in other respects, and a remedial program is already in the works. Ché Guevara has been President of the National Bank for just over a year now and in this period has succeeded in restoring the nation's monetary reserves to a healthy state. At the moment of writing he is on an important economic mission to the socialist-bloc countries. When he returns, which will probably be before this is in print, he will head up a new Ministry of Industry which will bring under one roof and one authority the problems of managing, staffing, and planning the development of Cuba's industry. Since the early days of the rebellion, Ché has had the reputation of being the man who gets things done. He is about to be handed the best opportunity yet to prove that the reputation is well deserved.

If you add up all the difficulties and problems confronting the regime in the industrial field—the establishment of new supply lines, the impending shortage of replacement parts, the need for a tremendous increase in management cadres, the still-

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growing scarcity of technically qualified personnel, the administrative disorganization at the top—you may well conclude that the situation *is* hopeless, that only a miracle can prevent the onset of a crippling industrial crisis. Here at last the counter-revolution would seem to have solid grounds for optimism. And yet history tells us that this conclusion, however logical, is completely wrong.

The truth is that all revolutions are faced, not once but repeatedly with "insoluble" problems. That's the reason their enemies invariably anticipate their downfall. But the problems are only insoluble by the standards of the past, and it is precisely the nature of revolutions to transcend those standards, to meet the challenges which confront them by new methods and with previously untapped resources. And by solving the insoluble problems they grow strong, drawing out the latent energies and talents of the classes which support them and steeling themselves against the onslaughts of their foes.

The Cuban Revolution has already shown that it stands squarely in the middle of this great tradition, It came to power only by solving any number of insoluble problems, and it has successfully met all the challenges that have since arisen. It has wonderful leadership; it has vast untapped resources in land and minerals and in its own people; and the magnitude of its potential support abroad, not only in the socialist countries but throughout the anti-imperialist world, is almost unlimited. Given these priceless assets, the Cuban Revolution most assuredly can master the difficult problems of industry with which it is now faced. And we have no doubt that it will.

The Outlook

If the United States would leave Cuba alone, the outlook would be excellent. As we have emphasized, the country has brilliant prospects: what it lacks is personnel and organization. With time and assistance from outside, these deficiencies can be made good. In perhaps five to ten years the Cuban national income could be doubled and the evil vestiges of the past—unemployment, illiteracy, filth diseases, slums, and all the rest—could be largely wiped out. With the counter-revolution worn down by attrition and despair, a new and genuine democracy

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could take root and flourish on Cuban soil. Cuba, in short, could become a showplace of socialism and a model for other underdeveloped countries to emulate.

But of course the United States will not leave Cuba alone. So much has been made clear by everybody concerned—the President, the State Department, and the President-elect. It would be too much to expect a return to sanity in Washington in the visible future. The relevant question is rather what the United States can do to Cuba.

When we were in Cuba in March, responsible government leaders believed that the chances of an all-out attack by United States armed forces were great. When we returned in September, they no longer thought so. They were convinced that Soviet Premier Khrushchev's pledge of rocket retaliation in case the United States should directly attack Cuba was wholly serious, and they did not believe that the United States would start World War III over Cuba. We have no idea whether this estimate of Soviet intentions is correct, and we doubt if Washington does either. Clearly, it *may* be correct, and that in itself is likely to be enough to deter a direct attack. Cuba's immunity from direct military intervention by the United States would now seem to be of approximately the same order as Turkey's or Iran's immunity from direct military intervention by the USSR. This, at any rate, would seem to be the logic of the situation. At the same time it is necessary to add immediately that American policy toward Cuba seems to be guided less and less by logic and more and more by fear and hatred. Under the circumstances, direct attack must be considered a definite possibility, with all its incalculable and possibly catastrophic consequences.

But other forms of intervention are possible and in fact are already being practiced. Small invasion forces composed of counter-revolutionaries and mercenaries have been sent to Cuba from Florida and Guatemala. Cuban charges that the Central Intelligence Agency is training large forces in Guatamela have been impressively backed by no less an authority than Dr. Ronald Hilton, Director of the Institute of Hispanic-American Studies at Stanford University (see "Are We Training Cuban Guerillas?", *The Nation,* November 19, 1960). So far these interventions have been successfully defeated, a large number of par-

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ticipants have been caught, and several have been executed. But further efforts are expected.

What is the theory behind these small-scale invasions? There are two possibilities. One is that the CIA believes what it reads in *Business Week* and the *Wall Street Journal,* that things are so bad in Cuba that a few pushes will topple the regime. The other is that what we have seen so far are mere probing actions designed to help prepare the way for something bigger to come. The Cuban government obviously holds this second theory—partly no doubt on the basis of its own intelligence reports but also because in a situation like this it is always prudent to expect the worst. This explains why it has brought the matter up in the UN and is currently making every effort to keep the world's attention focused on the question. Those who would invade another's territory prefer to operate under cover of night and cloud, not in the bright glare of publicity.

A larger-scale invasion would not necessarily have the strategic aim of taking over the whole island. United States military experts presumably know that the Cuban militia and army together constitute a formidable fighting force which could not be smashed by any conceivable expedition of counter-revolutionaries and mercenaries. The aim would presumably be a much more limited one, to establish a foothold on Cuban soil which could then become the seat of a rival Cuban "government." (The Isle of Pines, which is situated directly in the route of an invading force from Guatemala, would obviously be ideal for such an operation, which no doubt explains recent newspaper reports of heavy reinforcements for the garrison there.) Once this was accomplished, the next step would obviously be recognition of the rival regime and the dispatch of aid to it, much as Hitler and Mussolini sent aid to Franco. It would of course be highly important to get the Organization of American States to endorse the whole operation, thus lending it a semblance of legality. From this point the strategy would presumably call for a war of attrition leading eventually to a collapse of the government or its overthrow by an internal fifth column. Once again, the example of the Spanish civil war comes to mind.

Another possible strategy, with which at the moment of writing Washington appears to be actively experimenting, is to

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attempt to involve Cuba in a war against Guatemala or Nicaragua or both. It is hard to interpret the latest naval maneuvers, ostensibly designed to "protect" Guatemala and Nicaragua from an alleged threat of invasion from Cuba, in any other way. If such a war could be started, the United States, with OAS backing if obtainable, could then feed in arms and "volunteers." This is essentially a variant of the German-Italian strategy against the Spanish Republic in the 1930's. All in all, it would seem that the closest analogy to what is being planned for Cuba today is what Hiter and Mussolini actually did to Spain twenty-five years ago.

Can the United States, in the 1960's, duplicate the fascist success of the 1930's?

It seems unlikely. The Cubans are much better prepared than the Spanish Loyalists were. Fidel was not idly boasting when he recently told a graduating class of army officers that "we have the morale, the technique and the enthusiasm, and we have the arms" to destroy any invading force of mercenaries that may be sent to Cuba. Without a Franco installed on Cuban territory, the whole operation could never get off the ground.

But even if we assume an initial success for the counter-revolution, final victory would be far from assured. The Cuban people would certainly get more help than the Spanish Loyalists did, even if the allies of the United States should agree to an equally shameful policy of "non-intervention." And it is very doubtful whether the present political structure of Latin America, which provides the United States with a large numerical majority of its allies, would survive a drawn-out war of intervention against Cuba. Suppressing the Cuban Revolution would be the aim of such a war; spreading the Latin American Revolution would more likely be the result.

No, Cuba is not Spain and the 1960's are not the 1930's. The world has come a long way since then. The relation of forces is far more favorable to peoples struggling to liberate themselves from the yoke of a feudal past and an imperialist present.

The United States may have the power to destroy the world; it does not have the power to enforce its will on the world. Cuba has already proven that. Fidel and his followers

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set out to make their country free and independent, a sovereign nation. They have succeeded. We have it on the best authority, out of the horse's mouth, as it were. Here is the testimony of Earl E. T. Smith, former Ambassador to Cuba, before the Senate Subcommittee To Investigate The Administration Of The Internal Security Act (the Eastland Committee) on August 30, 1960 (p. 700):

MR. SMITH. Senator let me explain to you that the United States, until the advent of Castro, was so overwhelmingly influential in Cuba that, as I said here a little while ago, the American Ambassador was the second most important man in Cuba; sometimes even more important than the President.

That is because of the reason of the position that the United States played in Cuba. Now, today, his importance is not very great.

Unlike Mr. Smith, who deplored this changed relationship, those of us who have the interest of the American people at heart, rejoice in the fact that the American Ambassador is no longer "the second most important man in Cuba, sometimes even more important than the President." We are for an end to colonialism, not only in Asia and Africa, but in Latin America, as well. And the success of the Cuban Revolution is the beginning of the end for imperialism in the Western hemisphere.

(November 18, 1960)

The consequence of our activity abroad is to make an enemy of the common man. The situation in which he finds himself makes him a revolutionary, and against him he sees arrayed the wealth and guns of America, the apparent champion of reaction. Profoundly satisfied with their own prosperity, Americans want the world to continue as it is and regard those who are discontented to the point of revolution as irresponsible trouble-makers or agents of Russia. We have lost touch with the vitality of subversion in oppressed countries. We have forgotten that the threat of revolution is a stimulant to progress toward greater justice and that the stimulant is sometimes insufficient until the threat is carried out.

—*Joseph P. Morray,* Pride of State

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THE SONG OF THE MAKERS

BY WILSON MacDONALD

Blow the wild bugles, there's dawn in the sky;
the Makers are reaping at last from their sowing.
The Takers assemble,
and fearfully tremble:
They hear, in the sound of the wild bugles blowing,
a warning of doom which they cannot deny.
The Toilers of Earth have awakened from sleep,
and the sound of their marching is musically sweet.
These are the Makers: the Makers of Bread,
the Makers of Raiment, the Makers of Song,
the Makers of Homes, and these shall be led
by Leaders whose love for all men shall be strong.

Blow the wild bugles, the sun's rising fast:
Rasputin's red hands are translated to dust.
The power of the Czars to the People has passed,
and the sword of the Cossack is eaten with rust.
These were the Takers:
now come the Makers,
tearing down hovels and lifting up palaces,
pouring clear wine in the once cloudy chalices,
driving illiteracy out of the lands,
with the beckoning Bugle of Truth in their hands.

Wilson MacDonald, a socialist of long standing, is one of Canada's best-known poets.

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Blow the wild bugles, that all men may know
the Rivers of China no longer shall flow
with their barges of death floating down every stream.
The dawns are arising, the Hydro's white gleam
with a furious stride is invading the night
and the candles go out with their flickering light.
The eyes of the toilers have caught a new fire
which burns into flame of awakened desire.
From Canton to Peking
new gods are now speaking,
and old superstitions die out with each breath,
for the new way is Life and the old way was Death.

Blow the wild bugles; sing Sugar-Cane, sing!
The Lincoln of Cuba has banished her slaves,
and every brave toiler tonight is a King,
and the knaves of Batista sleep well in their graves.
The Makers have risen
from chains and from prison,
and they march round the earth with new light in their eyes;
and the Takers assemble
and fearfully tremble,
for they know ALL the Makers will one day arise.
Blow, blow, ye wild bugles, that day draweth near,
for the dawn of the reign of the Makers is here:
the Makers of Roads and the Makers of Bread,
the Makers of Raiment and the Makers of Song,
the Makers of Homes; and then shall be said:
"To him who hath earned let the harvest belong."
Blow, blow, ye wild bugles; a New Day hath birth
when the Makers forever shall rule on the Earth.

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THE BATTLE FOR THE LABOR PARTY

BY RALPH MILIBAND

In October the Labor Party's annual conference passed by a narrow majority a resolution in favor of unilateral nuclear disarmament by Britain. The announcement by Hugh Gaitskell, the leader of the Party, that he would "fight, and fight, and fight again" to have the vote reversed at next year's conference is the immediate cause of the present crisis. But its real cause goes deeper and concerns much more than any single issue, however important. What is at stake in the present conflict is the kind of party the Labor Party is to be.

The Labor Party has been moving steadily to the Right for many years now. The drift began long before Gaitskell became its leader in December 1955. Ever since 1948, when the Labor government decided to "consolidate" rather than move forward on a new radical program, the Party has, in home affairs, been increasingly paralyzed by the inhibitions of its leaders. Its imprisonment in the cold war began even earlier. But the drift to the Right has also been sharply accentuated, and has been given even firmer ideological substance under Gaitskell's leadership. For Gaitskell, even more explicitly than his predecessors, wants a Labor Party solely dedicated to mild social reform at home, and totally committed to NATO and the strategy of nuclear deterrence.

Of course, the Labor Party *has* always been a party of mild social reform, despite its socialist protestations and the wishes of the socialists which it has harbored. But it has also been theoretically pledged to the creation of a socialist society based on the common ownership and control of the means of production, distribution, and exchange. The "revisionists" in the Party have been determined to excise this pledge from the Party constitution.

Ralph Miliband, who teaches political science at the London School of Economics, has just sent to press a new book entitled Parliamentary Socialism: A Study in the Politics of Labour.

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After the Labor Party had, in 1959, been defeated at the polls for the third time running, Gaitskell opened the battle of the common ownership clause in the Party constitution, on the ground that, unless the clause was removed, the electorate would persist in believing that the Party was really bent on the total nationalization of everything including every pub and garage, and would therefore go on voting against it.

The battle of Clause 4 was never about a form of words alone, or even about nationalization as such. For Gaitskell and his friends do not deny that there may be instances, here and there, where public ownership, or some diluted form of it, might conceivably be necessary, much as one may have to go to the dentist from time to time, however little one may relish the idea. The so-called fundamentalists, for their part, have never been obsessed with the nationalization of pubs and garages. But they have insisted that the nationalization of a predominant part of the economy remains the essential condition for the creation of a socialist order of society. The defenders of Clause 4 are not naive enough to believe that its retention in the Party constitution would be sufficient to make the leadership embark on a bold new program of nationalization. But they are also clear that the excision of Clause 4 would greatly help to confirm the Labor Party's regression to liberal infantilism.

On this issue, Gaitskell lost. Clause 4 remains in the Party constitution. But his defeat was more formal than real. So long as he remains leader of the Party, the controllers of the British economy need not worry that nationalization will occupy a prominent place in Labor's program or propaganda.

Gaitskell also lost, much more spectacularly, on the issue of nuclear strategy. But it is not unilateralism which, in regard to defense and foreign affairs, divides Gaitskell from all his opponents. Some of his leading critics are not unilateralists at all, or at least not yet; and they have said, with varying degrees of conviction, that they have no wish to leave NATO. In fact, the vote at the 1960 Party conference was less in favor of unilateralism, with all its implications, than against the rabbit-like paralysis which Gaitskell's views on foreign affairs and defence impose upon the Party—against an attitude, that is to say, which makes impossible *any* opposition to whatever strategy Britain's partners

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in the Holy Alliance may deem appropriate. It is one of the essential weaknesses of many of Gaitskell's critics that they have so far shirked an overdue reappraisal of Britain's defense and foreign policies. But they at least show *some* sign that they do not consider devotion to NATO as a fundamental article of socialist faith. Gaitskell's every pronouncement suggests that he does.

In a sense, the Left ought to be grateful to Gaitskell. For, unlike his critics at the Center of the Party, and even on the Left, he has done a great deal to crystallize the issues and imposed upon the Party choices at home and abroad which many of its members would rather not face. But in so doing, he has also made it impossible for the Labor Party to regain any degree of cohesion without a decisive defeat either of the Right or of the Left.

Were the opposition to Gaitskell confined to a handful of "extremists" who had, by clever manipulation, gained a transient advantage at a party conference, the issue would not be in doubt. All that would be necessary for the leadership would be to reverse the Conference decision on unilateralism, and to follow this with a swift purge of those dissidents who refused to come to heel.

The trouble for Gaitskell and his friends is that the opposition to him and his policies is of altogether different dimensions. Even more important is the fact that, far from being a sudden squall, it is part of a groundswell which has long been running strong in the Labor movement. This is the key to the present crisis.

Until fairly recently, the struggle between Left and Right in the Labor movement was mainly conceived as a struggle between what Sidney Webb once called the "cranks, lunatics, and fanatics" of the local constituency parties, and the sober, moderate, empirical men of the trade unions, whose massive votes at Party conferences always ensured the predominance of the leadership's policies.

But the record shows that, *for ten years at least,* there have been as many "cranks, lunatics, and fanatics" in the trade unions as in the constituency parties. Ever since 1951, when the Attlee government went out of office, there has been a powerful body of trade unionists to press for more radical programs at home (notably for more, and better, nationalization) and for a break

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with bipartisanship in defense and foreign policy.

Until the late fifties, this trade union opposition to the leadership remained a permanent minority at TUC and Labor Party conferences. But the minority's regular defeats are far less important, in the present context, than its persistence and its size. And lately, at last, its pressure has become strong enough to break through and turn minority dissent into majority decisions. It was trade union resistance which defeated Gaitskell's attempts to excise Clause 4 from the Party constitution; and it was also trade union resistance which ensured the defeat of his defense policy. Given the history of the last ten years, there is nothing to suggest that this trade union pressure will now begin to relax. And even if Gaitskell were to be successful next year in reversing this year's Conference decision on unilateralism (which is by no means certain), he would still be faced with an opposition made *much more confident by its victories so far.*

The fact is that more and more people in the Labor movement, and in Britain generally, are coming to believe that the human race is now bound in a suicide pact, and that something more than pious incantations to the virtues of multilateral disarmament are essential if that pact is to be broken. It is only three years ago that some two thousand unilateralists marched from London to Aldermaston to protest against the strategy of nuclear deterrence. The mood they expressed has spread more rapidly than anyone would have thought possible. And what is there about a strategy based upon the "balance of terror" to prevent it from spreading further? This is the size of Gaitskell's problem.

If Gaitskell is to win, he must do much more than reverse a Conference decision. He must also "devalue," as the phrase now has it, the power of annual conference. The latter has, until now, been accepted as the final authority in deciding party policy. Far from being a problem to the Party leadership, this was an advantage to it, since that leadership could always count on having its own policies endorsed by Conference and could therefore invoke its authority in dealing with left-wing recalcitrants, including recalcitrant Labor MP's. Not unnaturally, the leadership of the Party found nothing wrong, until recently, with the trade unions' block vote, which guaranteed its supremacy.

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Now that it can no longer rely on the unions' automatic support for its policies, the Right of the Party has discovered that it would be much better if the Parliamentary Labor Party were freed from any subordination to Conference decisions. What this means is that the Parliamentary Labor Party, which has always been a pliable instrument in the hands of its leadership, should be able to vote on major issues of policy in defiance of those decisions. And it also means that those who oppose the leadership, though they are now able to win victories at Party conferences, should nevertheless be content to see those victories nullified by parliamentarians, a good many of whom would not be in the House of Commons at all if it were not for the support of the party activists. The notion is absurd. How absurd is sufficiently indicated by the bitterness which has already been provoked, even among many who are not unilateralists, by Gaitskell's announcement that he will actively oppose, as Party leader, the 1960 Conference decision on unilateralism.

In its attempts to defeat the pressure from the Left, the Right has constantly used one argument which it has held to be conclusive, namely that the Labor Party could never win an election on a program of nationalization and unilateralism. In many ways, this is a nice case of a Freudian political projection on the electorate of the leadership's own fears and inhibitions. It has always been so with orthodox Labor leaders. But even if it is conceded that new and different policies would not achieve victory in the immediate future, there is nothing to suggest that a majority of the electorate could not be won over to such policies —provided the Labor Party really made the effort. In any case, the Right is not in a very good position to claim any special expertise in the art of wooing the electorate. After all, it is on the basis of its strategy that the Labor Party has lost three elections in a row. It is its own policies and attitudes which have condemned the Party to a permanent state of political inanition, to ineffectiveness as an Opposition and, because of that ineffectiveness, to electoral defeat.

Even so, the Right has not yet lost the battle. The Parliamentary Labor Party has just re-elected Mr. Gaitskell as its leader, by a two-to-one majority. He has the support of some powerful trade union leaders, who will fight hard inside their

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unions, for his, and their, policies. There are also many people in the rank and file of the Party upon whom Gaitskell can still rely, since they believe Gaitskellism to be the very epitome of the peculiar kind of socialism they profess; and there are others for whom the defense issue is paramount, and who still believe that all that stands between them and Russian occupation is NATO and the strategy of nuclear deterrence. Nor can one leave out of account the fact that just about the whole press enthusiastically supports Gaitskell. Never indeed (save for Ramsay MacDonald in the crisis of 1931) has a Labor leader been so strongly supported by every organ of anti-Labor opinion. Were it not for the fear of causing him more harm than good, the Tories would by now have succumbed to the temptation to form a "Conservatives for Gaitskell" movement. They could never hope to find a more acceptable leader of the Labor Party.

Should Gaitskell succeed in his efforts to get next year's Party conference to reverse its vote on unilateralism, those who oppose him, over this and over so much else besides, would feel as free as he does now to "fight, and fight, and fight again" for the policies they deem right. In order to consolidate his authority, Gaitskell would require a purge of the Left which would rob the Labor Party of its most active party workers. It is the realization that Gaitskell's victory can only be consolidated by wrecking the Labor Party which has turned many people who are not of the Left against him.

Gaitskell's defeat, on the other hand, would not be synonymous with the capture of the Party by the Left. But it would give the Left new opportunities to make its influence felt on critical issues of home and foreign policy. And it might even begin the transformation of the Labor Party into a socialist party.

There are things worth fighting for, even with the horrors of modern weapons, but capitalism is not one of them.

—*Joseph P. Morray, Pride of State*

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WORLD EVENTS

By Scott Nearing

Is It a Recession?

Election years put pressures on statistical bureaus along with other government agencies. A novice at the game would take it for granted that a figure representing steel production or the average price of industrials on the stock market spoke for itself and could not be misrepresented. This was very far from true for the summer and autumn of 1960. Steel production fell catastrophically. Stock prices tumbled. But press and radio continued to assure us that we never had it so good.

Republican politicians, after seven years at the pie-counter, were anxious for another term. What professional grabber-and-keeper would not feel that way with federal spending running around $80 billion per year and probably going higher? At that rate, the party winning the 1960 election could look forward to a good prospect of another four years in office, during which the federal government would spend some $315 to $320 billion. In politics money-to-spend means jobs and contracts for the faithful. In a word, money-to-spend is the source of the power which every ambitious politician hopes and aims to control and direct. Since the prosperity peak in 1929, Gross National Product has multiplied by five while federal spending has multiplied by eleven. Control of the federal treasury is of increasing advantage to power-seeking businessmen and politicians.

From the time in 1958 when political leaders began to assess the possibilities of the 1960 election campaign, the first question propounded was: will business be good in 1960? President Eisenhower and his economic advisers had talked wistfully of a stable, expanding economy. Given such a guarantee of increasing production and rising income, the people of the United States would be able to look and plan ahead with the assurance that year by year their livelihood position would improve. Such a situation would be a gold mine for the politicians in office. If voters could be assured better and better living conditions,

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they would back the politicians under whose administration the economic improvements were being made.

Between Washington politicians and a stable, expanding economy stood the ugly, saw-toothed line of the business cycle. In their entire history from 1789 to 1960, the people of the United States have never been able to relax with the assurance that the economy was stabilized and was expanding at a regular rate. On the contrary, the ups and downs, booms and busts, of the business cycle, with the resulting bankruptcies, unemployment, and enforced slack production were a recurrent nightmare.

During the war years 1939-1945, demand for goods and services had been heavy; work had been easy to get and steady. But with the end of war demand the Democrats faced the business cycle dip which reached bottom in 1949. The Korean War of 1950-1953 pulled the economy out of the depression and turned the production curve upward again, until it dipped in the recession of 1953. Plainly the Truman administration and its economic advisers had not found the way to a stable, expanding economy. It was this fact which played a large part in giving General Eisenhower and his newly-adopted Republican Party their 1952 electoral victory.

Coming to office in the depression year 1953 on promises to balance the budget, lower taxes, and establish a depression-free, expanding economy, the Republicans began tinkering. They limited speculation, took a firm grip on the supply of money, and launched a program of highway construction and other types of government spending that could be reduced in periods of prosperity and increased when recession and depression threatened. Having built this group of stabilizers into the economy, the Republicans assured the citizenry that the business cycle was a thing of the past and that people could relax and enjoy "the highest standard of living on earth."

United States industrial production had declined from an index figure of 138 in 1953 to 130 in 1954, a drop of 5.7 percent. After four years of Republican administration the production index declined from 152 in 1957 to 141 in 1958—a drop of 7.2 percent. Economic history had given a negative answer to the Republican assurances of economic stability and

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continued expansion. The business cycle was still master of the production curve. Further, the recession of 1957 bit deeper into economic stability than its predecessor of 1953.

Democratic campaign promises had been knocked endwise by the recessions of 1949 and 1953. Republican promises had suffered the same fate in 1957. All three depressions were relatively shallow and short-lived. In each case recovery was speedy and led to higher production levels. But the business cycle nightmare was still riding the economy, despite the built-in stabilizers and the watchful waiting of the President's Council of Economic Advisers and the Federal Reserve Board.

Double Talk in 1960

This thumbnail sketch of recent United States economic history brings us to November 8, 1960, Election Day. Needless to say, the Republicans had done everything in their power to persuade the voters that during their eight years in office the people of the United States had enjoyed a period of never-such prosperity and well-being. They glossed over the 1957-1958 business index dip and did everything within reason and some things out of reason to persuade the electorate that stable and permanent prosperity had been achieved. Their predictions for 1960 had been rosy. The country would bask in prosperity during the first half of the year. There would be a definite pick-up in the second half that would carry into and probably through 1961, which would be a record year.

Looking back from November to January, 1960, we can now see that the business curve has run counter to the predictions in almost every respect. Not only was the index of industrial production higher in January than in any succeeding month, but during the year it drifted gradually to lower levels. If two words could be used to describe United States economy in 1960 they would be decline and stagnation.

It has been interesting and instructive to read the bank letters, corporation reports, business journals, and financial pages during the summer and autumn of 1960. Almost without exception they put the best possible face on a bad situation. For example, the *Federal Reserve Bulletin,* September, 1960, printed two pages of a "National Summary of Business Conditions."

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After a careful reading of this summary we were not sure whether the business curve was moving up or down.

Two spokesmen for Big Business, the *Wall Street Journal* and the *New York Times,* saved us from the anguish of uncertainty. On October 21, the latter paper published a front page story under the caption "Nation's Business Shows a Decline. Gross National Product fell 0.5% in Third Quarter. Labor sees Recession." The first paragraph of the story reported the President's Council of Economic Advisers as estimating that business activity "declined slightly" during the summer of 1960. "The estimate was published without comment as to whether it meant the economy is in recession, but it was bound to contribute to the widely held view that it is." Further on, the article cited information to support the writer's contention that the business cycle is still functioning at the same old hang-out in the United States economy.

Two important sources of economic information reviewed the situation and diagnosed the downward economic trend as recession. One was the AFL-CIO monthly, *Economic Trends,* which reported, "America is on the brink of another recession." The other source was the important monthly *Economic Notes* of the Labor Research Association which has published pertinent information on the downturn of the business cycle during the whole of 1960.

Despite double talk from high-placed Washington officials about "lateral development" and "moderate readjustment," even the most abject apologists for American private enterprise will be forced, sooner or later, to admit that United States economy once again has ceased expanding and is slipping to lower levels of production and employment.

Recession Is Upon Us

Why waste time and energy on semantics? Wesley Mitchell and other students of the business cycle have analyzed and publicized its essential features. Politicians may shrink from the implications of these studies, but among economists there is little difference of opinion concerning the basic facts.

Competitive, profit-seeking private enterprise tends to produce more than the market will absorb. Each producer, aiming

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at maximum profits, tries to grab more and more of the market. The better-placed enterprises sell their output and pocket their "take." Less favorably situated concerns, unable to dispose of their products, cut prices or extend credits in their efforts to stay in business. All of the competitors invest in buildings, equipment, machinery, until capacity to produce exceeds market demand. At that point production suffers a setback. Boom is replaced by bust.

During the closing months of 1960, the largest United States producer of semi-finished goods (the steel industry) was operating at slightly more than half of its capacity. The largest maker of consumer capital goods (the automobile industry) could turn out about 10 million cars per year. For 1960 the marketed output will not exceed 7 million units and may be only a little over 6 million.

Over-built productive capacity, plus excessive inventories of goods on the way to market, inevitably lead to a cut-back in production schedules, to idle machines and idle men. In November, 1960, almost six out of every hundred members of the United States labor force were out of work. In special cases like the steel industry unemployment was far higher. There seems to be no escape from this outcome in an unplanned, competitive economy.

Whatever the cause of the phenomenon, the history of private enterprise economies shows production and marketing moving irregularly from high production (prosperity) to lower levels (recession), remaining for longer or shorter periods at the cut-back levels (depression), and then moving up again through higher levels (recovery) to a new but unstable era of prosperity.

There are various exceptions to this generalization. Some aspects of the economy become depressed while others remain prosperous. At an advanced stage, periodic depression is replaced by chronic depression in parts of private enterprise economy and eventually in the entire economy. In the 1930's private enterprise passed through a world-wide, long-continued depression which was smothered by war orders and by the replacements needed to re-equip Western society after the extensive war damage suffered between 1936 and 1945.

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Equalling and Excelling

U.S. News & World Report for September 26, 1960, tells the story of a visit paid by a United States manufacturer of machine tools to a competitor in West Germany. "The German executive agreed to show the American through his plant. 'I know what you want,' said the German. 'You want to see how we can produce machine tools cheaper than you. Well, we have worries, too.' He uncovered a new machine tool, made in Russia and competitive with his. 'How can they sell this for one third less than we can?' "

A Parcel of Real Estate

Cuban Foreign Minister Raul Roa, speaking in the UN General Assembly, accused Washington of discussing Cuba as though it was "a piece of real estate belonging to the United States." The next day (November 1) President Eisenhower issued a prepared statement on the subject, declaring in effect that the United States intended to hold on to its "real estate" in Cuba. "Our rights in Guantanamo are based on international agreements with Cuba and include the exercise by the United States of complete jurisdiction and control over the area." Only by joint agreement can these arrangements be modified. "Our Government has no intention of agreeing to modification or abrogation of these agreements, and will take whatever steps may be appropriate to defend the base."

Raul Roa was quite right. The President's statement was that of a freeholder defending his title to a piece of real estate.

In his next paragraph the President climbed out on a limb. "The United States presence in Guantanamo and use of the base pose no threat whatever to the sovereignty of Cuba." The presence of foreign armed forces in any country on a piece of territory over which the occupying country exercises "complete jurisdiction and control" and declares its intention to back its claim with armed force is more than a threat to sovereignty. It extinguishes sovereignty, because sovereignty presupposes the right of the sovereign power to decide and alter its policies in accordance with its best interests. Washington is asserting and exercising sovereignty-in-fact over the United States military base on Guantanamo Bay.

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(*continued from inside front cover*)

orders for pamphlets, books, magazines—whatever is needed to put your program into effect? You'll be helping MR and helping to create a body of informed socialist opinion in the United States.

In our Christmas gift package offers last month, we made a mistake. We offered "3 gift subs at $10" where it should have said "4 gift subs at $10." The mistake has been corrected in the ad which repeats the offer in this issue. We have high hopes that you will do again what so many of you did last year—take advantage of these special low rates to bring MR to the attention of your friends. If you want only one, two, or three gift subs, you pay $3 each (a saving of $1 per sub), but if you add a fourth the price on *all* of them goes down to $2.50 each or a total of $10. This offer ends at midnight of December 31 when the sub price goes up to $5 for one year, $9 for two years.

As we write these notes, the press announces the release from jail of David Greenglass whose testimony sent the Rosenbergs to their death. But Morton Sobell remains in jail, with 19 years of a 30 year sentence still to serve. Whatever one may think of the merits of the case against Sobell (we found them almost nonexistent), there can hardly be any question about the horrible injustice involved in his remaining in jail after Greenglass has been released. A big National Appeal to free Sobell is now being conducted with the participation of such prominent people as Reinhold Niebuhr, Thomas I. Emerson, Clarence Pickett, Malcolm Sharp, Harold Urey, Alexander Meiklejohn, and many more. We wish to associate ourselves with this appeal and to urge all MR readers to do what they can to help bring it to a victorious conclusion. Victory in a case as important as that of Morton Sobell would do a lot to revitalize the progressive movement in this country.

It is a good sign in some ways, but not an unmixed blessing for MR, that Paul Sweezy will be a visiting professor of economics at Stanford University in California during the second and third quarters of the current academic year. We are glad to be able to help contribute to this proof of the vitality of the academic freedom tradition in at least one of the country's leading universities, but we must confess that it will not be so convenient to transact editorial business over a distance of 3,000 miles. Some delays in reading manuscripts, answering correspondence, etc., will be unavoidable. Please be patient if you happen to be a victim.

If you're having trouble deciding what book to give your Cousin Phoebe or Uncle Henry, may we suggest that you consider *The Jazz Scene* by Francis Newton, or *Conviction* by Norman Mackenzie and eleven other younger British socialists? Of the former, the well-known critic Sidney Finkelstein writes in *Mainstream* (November 1960): "[This is] one of the most thoughtful books on jazz to appear in recent years. . . . Newton brings to his study of both the history and present state of jazz a social mind. He discusses such matters as what sort of people were the creators of jazz, what part of the society they came from, how they lived, what were the conditions under which they worked, what they got paid, what money was made in jazz and who got the lion's share, what people formed the main public for jazz, and what they got out of the music." And of *Conviction* Sidney Lens writes in *Fellowship* (September 1, 1960): "Seldom in man's ascent to the better life has it become so difficult for the individual to find meaning to his life. The twelve authors of *Conviction* are groping for the answer to this pivotal problem, and they are groping with better radar than we in America have done so far. They deserve a salute—for their conviction." Both books sell for $4.00.

Season's greetings—Christmas, Hanukkah, or just holidays according to your taste.

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- EXPERT GUIDES and interpreters, plus hosts John T. and Jane McManus and Cuban colleagues. Lots of "extras". Ringside seats at the Jan. 1 celebration of the 2nd Anniversary of Cuban independence.

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